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Congressional Committees

Subject: *Defense Acquisition Workforce: Improved Processes, Guidance, and Planning Needed to Enhance Use of Workforce Funds*

The Department of Defense (DOD) obligated about $375 billion in fiscal year 2011 to acquire goods and services to meet its mission and support its operations in the United States and abroad.[1] GAO's work, as well as that of others, has documented shortcomings in DOD's strategic and acquisition planning, contract administration and oversight, and acquisition workforce. In our February 2011 high-risk report, for example, we noted that DOD needed to ensure that its acquisition workforce was adequately sized, trained, and equipped to meet department needs.[2] Lack of an adequate number of trained acquisition and contract oversight personnel contributed to unmet expectations and has placed DOD, at times, at risk of potentially paying more than necessary.

To help alleviate some of these long standing challenges and provide additional funds for the recruitment, training, and retention of acquisition personnel, in 2008 Congress established the Defense Acquisition Workforce Development Fund (DAWDF).[3] The fund supports expanded emphasis in these areas; for example, DOD expects to use DAWDF to hire approximately 10,000 new acquisition personnel through fiscal year 2015. Approximately $1.8 billion was allocated to the fund through February 2012.

In the conference report accompanying the Consolidated Appropriations Act, 2012,[4] the conferees noted that Congress was reducing the amount requested by DOD for the fund by $200 million, in part because the fund had large unobligated balances that it has carried over for the past several years.[5] The conferees directed the Secretary of Defense to submit a report providing recommendations for appropriate funding levels for DAWDF by June 20, 2012. Further, to assist DOD in developing a revised strategic human capital plan for the acquisition workforce, required by August 1, 2012, the conference report directed that GAO examine the funding mechanisms, statutory limits established for the fund, and potential improvements, if any, that could be implemented to the overall funding process. In response, we are reporting on: (1) the DAWDF funding process and the execution of the fund; and (2) efforts to align DAWDF-funded activities with larger DOD acquisition workforce plans.

To meet these objectives, we reviewed relevant legislation and key documents, including the 2008 DAWDF charter, the July 2011 Workforce Management Group Charter, and other related documents; DOD's 2009 and 2010 annual reports to Congress on DAWDF execution; and

[1]Contract obligations as of February 2012, reported by DOD in the Federal Procurement Data System – Next Generation.
[2]GAO, *High-Risk Series: An Update,* GAO-11-278 (Washington, D.C.: Feb. 16, 2011).
[3]National Defense Authorization Act for Fiscal Year 2008, Pub. L. No. 110-181, § 852 (2008), codified at 10 U.S.C. § 1705.
[4]Pub. L. No. 112-74 (2011).
[5]H.R. Conf. Rep. No. 112-331 at 581 (2011).

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DOD's most recent Defense Acquisition Workforce Improvement Strategy, which was published in 2010. We reviewed DAWDF financial data, including appropriations, obligations, and expenditures for fiscal year 2008 to the present, as well as mandated annual funding amounts for DAWDF and reviewed draft DOD funding plans for future years. We identified how DAWDF funding transfer shares are determined for each DOD component and agency, and compared collected amounts with distributed amounts. We assessed the timeliness of DAWDF collections, distributions and obligations. To the extent possible, we identified aspects of DOD's funding processes or practices that may be hindering DAWDF's implementation or compliance with the law. We conducted a data reliability assessment of the systems from which key data was provided for this audit by interviewing agency officials knowledgeable about the data. We found the systems and data to be sufficiently reliable for the purposes of this audit. We also interviewed representatives from the Office of the Under Secretary of Defense (Comptroller); the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (Human Capital Initiatives); the offices of the Director of Acquisition Career Management for the Army, Navy, and Air Force, respectively; the Defense Acquisition University; the Defense Contract Audit Agency; the Defense Contract Management Agency; and the National Security Agency. We shared our preliminary findings with DOD officials on May 22, 2012.

We conducted this performance audit from March 2012 to June 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Results in Brief

DOD has identified DAWDF as a key tool used to address gaps in the acquisition workforce through additional hiring and training initiatives. For example, DOD officials noted they used DAWDF funds to hire about 5,855 new acquisition staff through fiscal year 2011 and enabled the Defense Acquisition University to provide 19,000 additional classroom seats, among other improvements. However, DOD's ability to effectively execute hiring and other initiatives has been hindered by delays in the DAWDF funding process and the absence of clear guidance on the availability and use of related funds. DOD has not collected and distributed funds within required timeframes, sometimes delaying distribution to components until the following fiscal year. For example, only about 39 percent of the total amount of fiscal year 2011 transfer funds were distributed before the end of the fiscal year. These delays can result in uncertainty about the availability of funds, and negatively impact the components' ability to execute according to their approved plans for the year. Additionally, DOD officials noted that the delays contributed, at least in part, to the amount of unobligated funds that were carried over to future years. DOD acknowledges that improved guidance that clarifies when DAWDF funds will be available and how they can be used would help improve the execution of program initiatives.

While DOD considers rebuilding its acquisition workforce a strategic priority, it lacks an overarching strategy that clearly aligns DAWDF with its acquisition workforce plan. Further, the Department has not developed outcome-related metrics, such as the extent to which DAWDF is helping DOD address its workforce skills and competency gaps. Constrained budgets are leading the Department to reassess future workforce growth and related requirements, thus future mandated funding amounts will likely exceed DOD's near-term needs. Acquisition, Technology, and Logistics officials are currently planning to submit revised DAWDF funding

estimates to Congress in June 2012 and are preparing an updated strategic human capital plan for the acquisition workforce.

Background

In authorizing DAWDF, Congress noted that its intention was to ensure that the DOD acquisition workforce has the capacity, in both personnel and skills, needed to properly perform its mission, provide appropriate oversight of contractor performance, and ensure that the department receives the best value for the expenditure of resources. To do so, DOD is using DAWDF to support initiatives that are intended to grow, enhance, and sustain a high quality workforce (see figure 1).

Figure 1: DAWDF Initiatives

Recruiting and hiring	Retention and recognition	Training and development
1. Intern program 2. Recruiting incentives 3. Outreach programs 4. Hiring journeymen (mid-level employees) 5. Hiring highly qualified experts	6. Retention and recognition incentives 7. Career broadening and academic programs	8. Training enhancement and capacity expansion 9. Comprehensive acquisition workforce and student information system 10. Competency management and assessments 11. Workforce planning pilot

Source: DOD.

DAWDF has largely been funded by money transferred from other operation and maintenance accounts for contracted services, although DOD may also request and receive funding as part of its annual budget and appropriations process. The transferred funds, known as credits, are available for obligation for that fiscal year and two succeeding fiscal years. In contrast, until fiscal year 2012, the funds directly appropriated for DAWDF had to be obligated by the end of the fiscal year in which the funds were appropriated. The National Defense Authorization Act for Fiscal Year 2012 made appropriated funds available for the same time period as credited funds.[6] DOD believed this change would reduce the complexity of managing and executing DAWDF funds in the future.

As amended, section 1705 of title 10 established funding levels that are expected to be met through fiscal year 2015. The legislation requires DOD to attain these levels essentially through a combination of credit funding, fund transfers, and new appropriations.[7] The legislation permits the Secretary of Defense to reduce the specified funding level for a fiscal year if the Secretary determines that it is greater than is reasonably needed for that fiscal year. However, the amount may not be reduced below 80 percent of the amount specified for that fiscal year. During fiscal years 2008, 2011 and 2012, DOD determined that no more than about 80 percent of the amount specified was required for fund purposes. For example, in fiscal year 2012, that amount equated

[6]National Defense Authorization Act for Fiscal Year 2012, Pub. L. No. 112-81, § 804, amending 10 U.S.C. § 1705(e)(6).

[7]10 U.S.C. § 1705(d)(1). The statute also provides limited authority for transfer of unobligated, expired balances provided in certain appropriations accounts. 10 U.S.C. § 1705(d)(3). The law states that in determining the amount to be credited through the credit funding process in order to achieve the specified funding level, the amount shall be reduced by the amount appropriated to the fund during that fiscal year or transferred from expired accounts. 10 U.S.C. § 1705(d)(4)

to $720 million. Rather than providing that amount solely through credit funding, OSD officials offset the collection by the $106 million appropriated by Congress. As of February 2012, a total of about $1.8 billion has been invested in DAWDF, including about $1.4 billion from funds credited from other accounts and over $400 million in funds directly appropriated for DAWDF. Table 1 lists the mandated annual DAWDF funding amounts.

Table 1: Annual DAWDF funding amounts

Then-year dollars in millions

Fiscal year	Mandated funding amount	Minimum allowable (80% of mandated amount)	Appropriated	Transfer Notice amount
2008	$300	$240	$0	$254
2009	400	320	0	701
2010	100	N/A	100	N/A
2011	770	616	209	400
2012	900	720	106	(pending) 615
2013	1,180	944	(requested) 274	(estimated) 670
2014	1,330	1,064	-	-
2015	1,470	1,176	-	-

Source: 10 U.S.C. § 1705, as amended and DOD data.

Note: Dollars are rounded to the nearest million. Required transfer amounts are those amounts stated in the Comptroller transfer notices sent to components.

Several offices play key roles in DAWDF's management and oversight. The Under Secretary of Defense for Acquisition, Technology, and Logistics designates a senior official to manage the DAWDF fund. In 2011, the Director of Human Capital Initiatives assumed fund management responsibilities from the Defense Acquisition University, which had held that position since the program began. The fund manager is responsible for conducting periodic reviews of execution plans and associated funding amounts with component staff, and for ensuring accountability and tracking of fund expenditures.[8] The Office of the Under Secretary of Defense (Comptroller) is responsible for collecting transfer funds from the components and crediting such funds into DAWDF. In addition, DAWDF has two oversight boards -- the Senior Steering Board, which provides strategic oversight, and the Workforce Management Group, which oversees the fund's operations and management. Table 2 describes the composition and roles of the two oversight boards.

[8]Day to day fund management responsibilities are carried out by the Deputy Director of Human Capital Initiatives.

Table 2: DAWDF Management Structure

Board	Members	Board responsibilities
Senior Steering Board	• Chaired by the Deputy Under Secretary of Defense for Acquisition, Technology, and Logistics • Deputy Chair is the Director of Human Capital Initiatives • Members include the senior leaders for acquisition at DOD components, the Comptroller, and the fund manager for DAWDF	• Responsible for governance and oversight of DAWDF • Alignment of DAWDF with DOD's Civilian Human Capital Strategic Plan and Human Capital Initiatives • Fund allocation to components for execution of approved initiatives, based on recommendations of the Workforce Management Group
Workforce Management Group	• Chaired by the Director of Human Capital Initiatives • Members include the principal representatives of the Senior Steering Board • The Comptroller and Under Secretary of Defense (Personnel and Readiness) are invited to attend	• Advise the Senior Steering Board regarding management and use of DAWDF, including alignment with strategic objective, guidance, component funding levels, changes to initiatives and out-of-cycle requirements • Oversee DAWDF initiatives and execution plans, and ensure they support statutory intent and strategic objectives • Assist DOD leadership and components with annual update to Congress on the acquisition workforce

Source: DOD.

DAWDF Has Supported Workforce Growth Initiatives, but Current Funding Processes Hinder Execution

DOD considers DAWDF a key tool to more proactively address acquisition workforce gaps than is usually possible under the annual budgeting process, as well as one which has enabled it to fund both workforce growth and related training initiatives. The ability of DOD components to effectively plan for and execute efforts supported by DAWDF, however, has been hindered by delays in DOD's funding processes and the absence of clear guidance on the availability and use of funds. DOD has not collected and distributed funds within the timeframes established by the legislation, sometimes delaying distribution to the components until the following fiscal year. This cascading effect can preclude the components from executing approved DAWDF-funded workforce plans and contributes to the high amount of funds that often remain unobligated and carried over to the next fiscal year. In part, this situation arises from different responsibilities and views between Human Capital Initiatives and the Comptroller on how best to manage DAWDF funding. DOD officials acknowledge that updated guidance on when funds should be available and how they can be used, as well as better communication between DAWDF stakeholders and users, would help improve the execution of planned program activities.

DAWDF Has Supported Workforce Growth and Training Initiatives

DOD officials stated that DAWDF has been a key tool to help rebuild the size and capabilities of the civilian acquisition workforce, which declined by almost 50 percent between fiscal years 1989 and 1999. Since a large portion of DAWDF funds are collected from service contract credits, DAWDF has provided a dedicated funding source to increase the size and improve the overall capabilities of the workforce that is not subject to reductions in DOD's annual budget process. DOD officials reported that the civilian acquisition workforce grew from 118,445 in fiscal year 2009 to about 135,981 in December 2011, a gain of 17,536. According to DOD officials, 5,855 were hired using DAWDF funds, with the other growth attributed to hiring new staff using other funding sources, moving contracted work to government employees through insourcing, and the reclassifying of existing DOD staff as acquisition personnel. As part of this growth, DOD placed special emphasis in priority career fields, including contracting; auditing; systems engineering; cost estimating; and program management. Table 3 shows DAWDF actual and projected hiring levels by career field as of June 2012.

Table 3: DAWDF Hiring by Career Field

	On-board[a]			Projected				
	2009	2010	2011	2012	2013	2014	2015	Total
Auditing	377	131	237	0	0	0	0	745
Contracting	612	1,037	501	362	501	277	101	3,391
Cost estimating	60	71	26	16	16	10	6	205
Facilities engineering	6	50	28	14	19	4	0	121
Financial management	25	85	53	59	39	18	10	289
Industrial and contract property management	2	19	13	26	15	14	10	99
Information technology	18	34	55	19	21	10	1	158
Legal	0	0	6	18	5	0	0	29
Life cycle logistics	87	252	227	51	60	17	3	697
Other/TBD	2	9	4	167	434	281	28	925
Production, quality, and manufacturing	37	327	98	212	239	208	148	1,269
Program management	43	191	111	83	53	34	20	535
Systems planning, research, development, & engineering	255	460	226	128	153	123	68	1,413
Test and evaluation	0	49	31	39	3	2	1	125
Total	**1,524**	**2,715**	**1,616**	**1,194**	**1,558**	**998**	**396**	**10,001**
Cumulative total	**1,524**	**4,239**	**5,855**	**7,049**	**8,607**	**9,605**	**10,001**	

Source: DOD data.

[a]Does not include 644 personnel hired with DAWDF funds that were not part of planned DOD workforce growth initiatives.

In addition, DOD officials noted that DAWDF has helped DOD improve its overall training capacity and curriculum, and also contract oversight efforts to benefit the department at large. For example, the Defense Acquisition University received about $260 million between fiscal years 2008 and 2012, which has enabled it to add about 19,000 classroom and 100,000 online training seats per year, and about 1,300 additional courses. Similarly, the Defense Contract

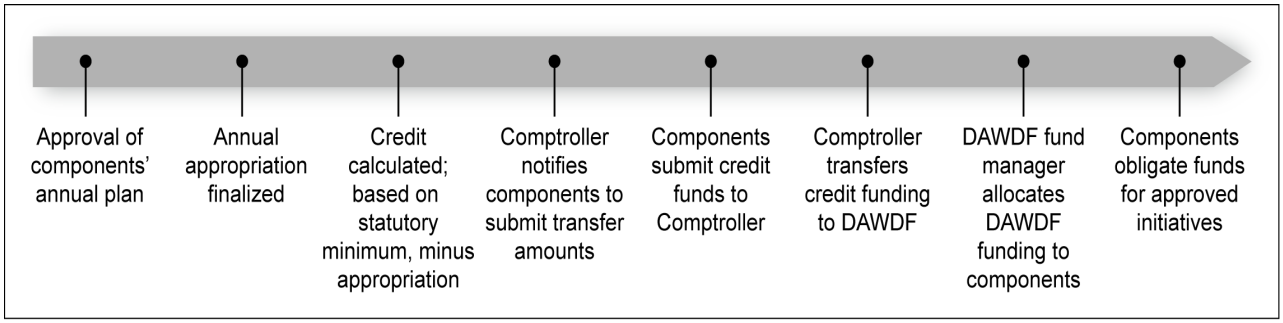
Management Agency and the Defense Contract Audit Agency collectively received $321 million to increase the size of DOD's contract oversight workforce.[9] Human Capital Initiatives and military component officials also said that DAWDF-funded retention programs, such as student loan repayment, have helped keep employees who might have otherwise left DOD. This includes about 10,800 tuition assistance incentives and 3,600 student loan repayments. Some components, however, voiced concerns about their contributions to the fund relative to the perceived benefits and indicated it was not clear how such decisions were made or whether agency-unique needs were considered. The Army, for example, has been the largest contributor to the fund, having contributed about $470 million between fiscal year 2008 and 2011, while being allocated about $273 million for their DAWDF-funded initiatives. Further, officials from the National Security Agency indicated that with few exceptions they are unable to benefit from increased staffing at the Defense Contract Audit Agency and the Defense Contract Management Agency because they provide only limited support for NSA's classified contracts.

Current DOD Funding Processes Hinder DAWDF Planning and Execution Efforts

The process by which DAWDF funds are collected and distributed to the components has hindered their ability to plan and execute workforce growth initiatives. This process comprises several steps and includes various stakeholders. The President's Budget, generally submitted in February, identifies the total amount of funds to be requested for DAWDF in the next fiscal year. DOD's May 2010 DAWDF guidance calls for components to submit plans by mid-May which identify the estimated funding needed to support the component's projected hiring, training and other related-initiatives during the next fiscal year. The components' plans are to be reviewed and approved by August by the Senior Steering Board, although DOD officials told us much of the work is performed by the Deputy Director for Human Capital Initiatives. Based on the amount specified in the budget, the OSD Comptroller calculates each component's share of the DAWDF credit based on the component's total operations and maintenance service contract obligations from the prior year, offset by the amount, if any, that Congress has appropriated for the fund. The OSD Comptroller sends a notice to each component specifying the amount it is to contribute, collects these funds from the components, and then credits that amount into the fund. The DAWDF fund manager, in turn, allocates funds back to the components based on their approved plans for that year. Figure 2 provides a summary of key steps in the funding process.

[9]In November 2011, we reported that after its formation in the early 1990s, DCMA's workforce numbers declined and there was significant erosion of some areas of expertise, such as the cost and pricing function. To build and support its workforce, DCMA is using several sources of funding, including DAWDF. For example, in fiscal year 2011 DCMA reported it hired 1,221 new employees using DAWDF funding, a substantial increase from 166 hired in fiscal year 2009. See GAO, *Defense Contract Management Agency: Amid Ongoing Efforts to Rebuild Capacity, Several Factors Present Challenges in Meeting Its Missions*, GAO-12-83 (Washington, D.C.: Nov. 3, 2011).

Figure 2: Key Steps in the DAWDF Funding Process

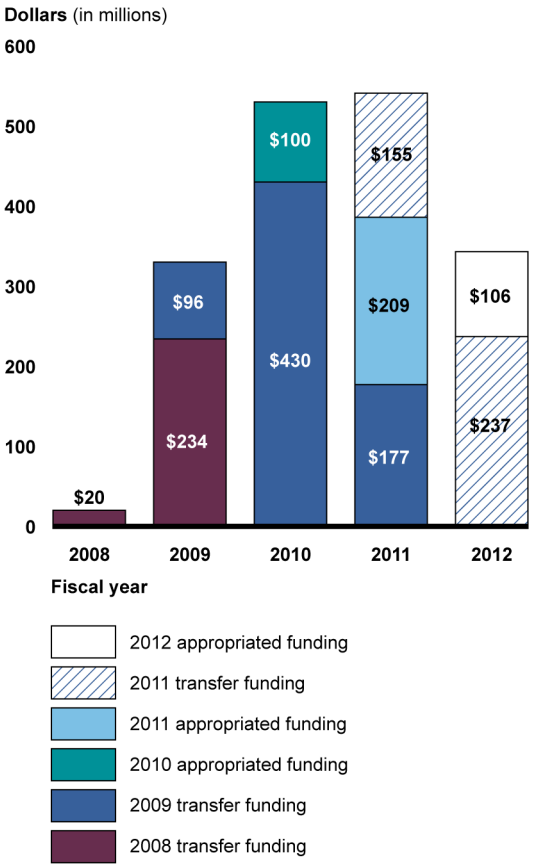


Source: GAO analysis of DOD information.

During the first 2 years of the program, transfers were to be remitted to the fund not later than 30 days after the end of each fiscal quarter.[10] In fiscal year 2010, the DAWDF legislation was amended to require components to transfer funding no later than January 31 of each year.[11] However, our analysis found that DOD did not collect funds and distribute money to the DAWDF program within required timeframes for any year. For example, the funds transfer notice for fiscal year 2011 was not issued until March 22 of that year and the fiscal year 2012 funds transfer notice was not issued until March 23, 2012. In addition, after the notices have been issued, the funds are collected at various points during the year, which results in incremental distribution to the DAWDF program, often not until subsequent fiscal years. For example, just over $700 million was collected for fiscal year 2009. Of that amount, only $96 million was actually distributed to the fund in that year, $430 million was later distributed in 2010, and the balance was not distributed until fiscal year 2011. Similarly, only about 39 percent of the total amount of fiscal year 2011 transfer funds were distributed before the end of the fiscal year. Figure 3 shows when the total amounts of funding were distributed to DAWDF in fiscal years 2008 to 2012.

[10]Pub. L. No. 110-181, § 852.
[11]National Defense Authorization Act for Fiscal Year 2010, Pub. L. No. 111-84, § 832 (2009).

Figure 3: Funds Distributed to DAWDF in Fiscal Years 2008 through 2012, as of February 2012



Source: DOD data.

Note: $1.2 million of the 2008 transfer funding was distributed in 2010. In addition, as of February 2012, DOD had not collected or distributed transfer funding for 2012 to components.

OSD Comptroller officials indicated they generally do not begin the process of collecting and distributing DAWDF funds before DOD receives its annual appropriations to minimize the amount of credit funding collected from other DOD programs. In their view, such funding comes at the expense of programs and activities whose budgets had been justified and approved to meet other existing requirements and should not be collected until necessary for DAWDF. These officials noted it was especially true during a continuing resolution period where DOD's funding is often limited to the prior year's appropriation level or less, which puts additional stress on other programs required to contribute funds to DAWDF. Comptroller officials noted that components may request extensions to the date on which they are to remit funds for DAWDF use. For example, some components have requested such an extension so that they may use expiring funds to meet this requirement.

In turn, however, delays in transfers and appropriated funding contributed to uncertainty on the part of DOD officials about whether they would be able to execute approved DAWDF activities. Consequently, these officials told us they revised execution plans, including slowing their hiring initiatives and deferring other activities until sufficient funds became available. For example, increasing acquisition workforce levels has been a primary goal for DOD, and the DAWDF program and activities related to recruiting and hiring new staff often involve lead times of several months. DAWDF funds can be used to pay salaries for new employees for their first two

to three years, which offsets much of the early cost to the components. However, in cases where funding is delayed, component officials told us they prefer to not start the hiring process until adequate DAWDF funds are available both at that time and for the future to pay related salaries and avoid reductions in force.

Delays in collecting and distributing DAWDF funds led to uncertainty among fund managers regarding when future funding will be made available. This, combined with revisions in execution plans, contributed to the large amounts of DAWDF funding not being obligated and to funds being carried over to the next fiscal year. For example, our analysis shows that in fiscal year 2011, the Comptroller distributed $155 million to the DAWDF program, but $120 million, or 77 percent of that amount, was not distributed until the fourth quarter. Human Capital Initiatives and Comptroller officials have differing views on how best to manage DAWDF funds allocation, including carry over amounts. For example, Comptroller officials acknowledge that while they have delayed sending out fund transfer notices and allowed components to delay when they remit such funds, they note this is important to minimize disruption to non-DAWDF programs that contribute funding. Further, Comptroller officials believe that sufficient funds have been available to the DAWDF program as a whole, contingent on the fund manager reallocating funds between components as necessary. In general, Comptroller officials noted their preference that DAWDF be funded solely through appropriated funds and have its funding determined in light of other DOD priorities. Conversely, officials within the Human Capital Initiatives office told us that having a dedicated source of funding through the transfer process, rather than solely through appropriations, has ensured the viability of the DAWDF program during a period of decreasing DOD budgets. Human Capital Initiatives officials would also prefer the Comptroller collect and release funding as soon as possible to allow for better planning and execution of program activities and ensure that sufficient funds are available for activities continuing into or planned to begin in the first quarter of the next fiscal year. Officials from both offices acknowledged that with additional guidance and proper planning, carryover funding could be used to address program requirements before credit funds are collected and distributed for the following year.

DOD officials told us that additional guidance could also help address other program concerns. For example, components have developed differing interpretations regarding the use of DAWDF funds, such as whether funds can be used for relocation of new staff and the purchase of new computers for training purposes. While the DAWDF fund manager indicated these types of decisions are left to the respective components to decide, component officials indicated they would prefer OSD guidance clarifying these policies. *Standards for Internal Control in the Federal Government* suggests that management develop detailed policies to ensure risks are addressed, and also identify appropriate knowledge needed by staff.[12] To the extent that policies are unclear to component staff, there is increased risk that funding may not be spent as intended. In that regard, DOD fund management officials indicated during the course of our review that they intend to provide additional guidance to components to address different interpretations of the use of funds.

Despite playing a key role in the DAWDF funding process, OSD Comptroller officials stated that they do not have sufficient visibility into components' expenditure plans, nor are they satisfied these plans fully explain how funds will be used. They noted that while they review DOD's expenditure plans with the DAWDF fund manager, they have not consistently participated in the more detailed reviews of component expenditure plans conducted by the DAWDF fund manager with component staff who have detailed knowledge of these plans. In contrast, OSD Comptroller

[12]GAO, *Internal Control: Standards for Internal Control in the Federal Government,* GAO/AIMD-00-21.3.1. (Washington, D.C.: Nov. 1999).

officials noted that for non-DAWDF accounts, they generally review expenditure plans with the individual services. Although these officials believe their prior staff may have attended oversight board meetings in the past, they have not been involved recently. The July 2011 Workforce Management Group's charter made the Comptroller's participation optional. DAWDF fund management and OSD Comptroller officials indicated a willingness to increase coordination in the near future, including during upcoming expenditure plan reviews and Senior Steering Board meetings, and noted that Comptroller representatives recently participated in a mid-year review for DAWDF.

DOD Lacks Overarching Strategy and Metrics for Managing DAWDF

DOD considers rebuilding its acquisition workforce a strategic priority, and has identified DAWDF as a key tool to support those efforts. DOD, however, lacks an overarching strategy that clearly aligns DAWDF with its acquisition workforce plan and has not developed metrics to assess DAWDF outcomes. Our prior work has shown that strategic workforce planning—an integral part of human capital management—helps organizations to determine if they have staff with the necessary skills and competencies to accomplish their strategic goals. For example, we and the Office of Personnel Management have identified six leading principles which such plans should incorporate, including:

- align workforce planning with strategic planning and budget formulation;
- involve managers, employees, and other stakeholders in planning;
- identify critical occupations, skills, and competencies and analyze workforce gaps;
- employ workforce strategies to fill the gaps;
- build the capabilities needed to support workforce strategies through steps to ensure the effective use of human capital flexibilities; and
- monitor and evaluate progress toward achieving workforce planning and strategic goals.[13]

While such a framework could have assisted in developing DAWDF guidance and implementation plans, DOD has had mixed results in this area. For example, in September 2010 we reported that while DOD's April 2010 acquisition workforce plan addressed the legislative requirement to identify changes in the number of authorized personnel to address gaps and meet the needs of the department, it had not, at the time of that review, identified the funding necessary to achieve its efforts.[14] While DOD later provided funding information for fiscal years 2008 through 2010, it did not address funding needs for future years as required. Further, we noted in November 2011 that DOD has focused much needed attention on rebuilding its acquisition workforce and made some progress in terms of growing the workforce, identifying the skills and competencies it needed, and used such information to help update its training

[13]GAO, *Workforce Planning: Interior, EPA and the Forest Service Should Strengthen Linkages to Their Strategic Plans and Improve Evaluation*, GAO-10-413 (Washington, D.C.: Mar. 31, 2010).
[14]GAO, *Human Capital: Further Actions Needed to Enhance DOD's Civilian Strategic Workforce Plan*, GAO-10-814R (Washington, D.C.: Sept. 27, 2010).

curriculum. However, we cautioned that fiscal and budget pressures presented DOD with additional challenges in meeting its acquisition workforce goals.

OSD Comptroller and fund management officials indicated that minimum funding amounts required by current DAWDF legislation will likely exceed DOD's requirements in future years. Currently, DAWDF legislation mandates that DOD invest a minimum of about $3.2 billion between fiscal years 2013 and 2015. However, DOD officials explained that since a large portion of the DAWDF hiring goals have already been met, the funding required for ongoing sustainment of related training and other non-hiring activities is expected to be substantially lower. DOD officials noted that they are attempting to align the revised funding profile that is to be submitted to Congress in June 2012 with the strategic workforce plan that is to be submitted in August 2012. However, Human Capital Initiatives officials noted that they plan to request an extension.

Currently, DOD tracks input-related metrics, including the number of people hired and trained with DAWDF funds. However, DOD has generally not developed outcome-related metrics, such as the extent to which DAWDF is helping DOD address its workforce skills and competency gaps. Acquisition, Technology, and Logistics officials stated that outcome-related metrics are being developed, but to date, have not been finalized. Input-related metrics corresponding to DAWDF-funded initiatives are also tracked by component fund management officials. For example, Air Force officials conduct execution reviews in which projected goals for the current fiscal year are compared with achievements to date, such as numbers of instructors being funded and tuition assistance grants that have been made. In addition, Army and Navy officials track input metrics in areas such as continuous learning and certification levels for their acquisition workforce. Our prior work has shown that program outcome metrics provide useful indicators of the health of programs and whether they are meeting their intended goals. When assessed regularly for changes and the reasons that cause changes, these indicators can be valuable tools for improving insight into and oversight of programs.[15]

Conclusions

DOD has focused much needed attention on rebuilding its acquisition workforce and has used DAWDF to increase hiring and provide for additional training. However, delays in collecting and distributing funds have caused uncertainty among components and affected their ability to execute approved hiring plans and related initiatives. Human Capital Initiatives and Comptroller officials have differing views on how best to manage the collection and distribution of DAWDF funds, the resolution of which is critical to ensure timely execution of DAWDF initiatives, while minimizing the impacts on other programs. While there are merits to each of their positions, without clear guidance for DAWDF stakeholders and users as to when funds are to be made available and how they can be used, current uncertainty and execution issues will remain.

Going forward, DAWDF's unique structure could assist DOD in taking a more strategic approach to improving the skills and capabilities of the acquisition workforce. However, DOD has not clearly aligned DAWDF with overall strategic workforce planning efforts. Consequently, until DOD determines its future workforce needs, it will be difficult to determine the level of funding necessary to achieve those goals and the most efficient and equitable method to do so. DOD is already required by law to submit both a revised DAWDF funding profile and an updated acquisition workforce strategy in the upcoming months; such plans could contribute to these

[15]GAO, *Defense Acquisitions: Measuring the Value of DOD's Weapon Programs Requires Starting with Realistic Baseline,* GAO-09-543T (Washington, D.C.: Apr. 1, 2009).

department-wide assessments and assist in developing future goals and funding requirements and enable components to better plan for and execute workforce improvement efforts. Further, while DOD uses some input-related metrics, such as hiring numbers, to assess the performance of DAWDF, DOD has yet to develop outcome-related metrics to ensure component activities are meeting the department's overall goals and objectives. In times when budgets are becoming increasingly constrained, DOD has an opportunity to make prudent mid-course adjustments to the fund's management and execution that it can ill-afford to waste.

Recommendations for Executive Action

To maximize DAWDF program benefits, we recommend the Secretary of Defense direct that the Under Secretary of Defense for Acquisition, Technology, and Logistics take the following two actions:

- Revise existing DAWDF guidance to clarify for all stakeholders when and how DAWDF funds should be collected, distributed, and used; and
- Establish key performance metrics for DAWDF to allow senior leadership to track how the fund is being used to support DOD's acquisition workforce improvement goals.

To ensure that the DAWDF program directly supports DOD strategic acquisition workforce plans, we recommend that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology, and Logistics and the Under Secretary of Defense (Comptroller) to clearly align the revised DAWDF funding strategy with DOD's strategic human capital plan for the acquisition workforce.

Agency Comments

We requested comments on a draft of this report from the Secretary of Defense. On June 18, 2012, the Associate Director for Military Operations within the Office of the Under Secretary of Defense (Comptroller) provided us with oral comments on the draft. In her comments, she stated that DOD concurred with each of our recommendations and offered specific actions DOD planned to take to address them. With respect to our recommendation that existing guidance should be revised to clarify how DAWDF funding should be collected, distributed, and used, the Associate Director stated revised guidance will be issued by September 30, 2012. In response to our recommendation to establish key performance metrics for DAWDF, she stated that creating and sustaining a capable acquisition workforce is a key element of successful acquisition outcomes and meeting other DOD challenges. As such, the Department intends to continue efforts to measure changes and impact on workforce qualifications and risk areas. Finally, with regard to our recommendation that the DAWDF funding strategy and strategic human capital plan be clearly aligned, the Associate Director stated that DOD will continue to improve alignment of a revised funding strategy so that it supports successful execution of the workforce initiatives. We believe that as DOD moves forward, it should be as specific as possible in developing the DAWDF funding strategy and metrics.

DOD also provided technical comments which we incorporated as appropriate.

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We are sending copies of this report to interested congressional committees; the Secretary of Defense; the Under Secretary of Defense for Acquisition, Technology, and Logistics; the Under

Secretary of Defense (Comptroller); and other interested parties. In addition, the report will be available at no charge on the GAO website at http://www.gao.gov.

If you or your staffs have questions about this report, please contact me at (202) 512-4841 or DiNapoliT@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report.

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Enclosure I: GAO Contact and Staff Acknowledgments

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